



AGENDA DATE: 3/15/00
AGENDA ITEM: 8A

STATE OF NEW JERSEY

Board of Public Utilities

*Two Gateway Center
Newark, NJ 07102*

TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED)
PETITION OF NEXTLINK NEW JERSEY INC.)
TO SECURE AND ISSUE EVIDENCE)
OF INDEBTEDNESS PURSUANT TO)
SECTIONS 48:3-7 AND 48:3-9 OF THE NJ)
STATUTES)

ORDER OF APPROVAL

DOCKET NO. TF00010011

Michael D'Angelo, Director of Regulatory Affairs for Nextlink New Jersey, Inc.

Fred S. Grygiel, Chief Economist, Mark C. Beyer, Manager, Leo M. Lim, Supervising Accountant and Julie Huff, Accountant II, Office of the Economist on behalf of the Board of Public Utilities

BY THE BOARD:

NEXTLINK New Jersey, Inc. (Petitioner or NEXTLINK NJ), a Washington corporation and a public utility subject to the jurisdiction of the Board, filed a petition on January 6, 2000 requesting approval for NEXTLINK NJ to guarantee the certain loans of its parent company NEXTLINK Communications, Inc. under the Credit Agreement described below and to grant a security interest in NEXTLINK NJ's assets to secure such loans pursuant to Section 48:3-9 of the New Jersey Statutes.

NEXTLINK NJ is a corporation duly organized and existing under the laws of the State of Washington. In addition, NEXTLINK NJ is qualified to transact business in the State of New

Jersey. NEXTLINK NJ's principal offices are located at 45 Eisenhower Drives, 5th Floor, Paramus, New Jersey 07652. NEXTLINK NJ operates in NJ as a facilities-based provider of integrated local exchange, interexchange and packet switched telecommunications services pursuant to its July 30, 1998 Certificate of Public Convenience and Necessity (CPCN), which was issued by the Board in Case No.TE98010009. NEXTLINK NJ is a nondominant provider of telecommunications services in the State of New Jersey.

Nextlink Communications, Inc. (the parent company of NEXTLINK NJ) has arranged with Goldman Sachs Credit Partners L.P. and other lender for the extension of up to \$1 billion or more of senior secured loans to NEXTLINK Communications, Inc. by a syndicate of banks on customary commercial terms, including a variable rate of interest based on LIBOR or the prime rate and a seven-year term (subject to certain limited amortization and required prepayments prior thereto). NEXTLINK NJ's guaranty of these loans will be unconditional, although limited in amount to \$125 million. In addition, in the event NEXTLINK NJ is ever called upon to pay under such guaranty, it will have the right to obtain contribution with respect to such payment from other subsidiaries of NEXTLINK Communications, Inc. which will also be guaranteeing such loans. Substantially all of NEXTLINK NJ's assets will be pledged to secure these loans as well. Both the guaranty and the pledge agreement will be entered into promptly following receipt of the approval sought hereby and will remain in effect until the loans under the Credit Agreement are repaid in full. The proceeds will be used for capital expenditures, including the development and expansion of NEXTLINK NJ's local network, to develop and upgrade certain management information systems, and to meet other general corporate and working capital needs both in New Jersey and other states.

The Board, after investigation, having considered the record and exhibits submitted with this proceeding, being satisfied with the action proposed to be taken by Petitioner as indicated above and finding that the transaction is to be made in accordance with law and in the public interest, and approving the purposes thereof as it supports the company's efforts to provide safe, adequate and proper service to its customers, HEREBY ORDERS that NEXTLINK NJ is HEREBY AUTHORIZED to participate in the financing arrangement under the Credit Facility as described herein.

This Order is issued subject to the following Provisions:

1. This Order shall not be construed as directly or indirectly fixing, for any purpose whatsoever, any value or the tangible or intangible assets or stock now owned or hereafter to be owned by Petitioner.
2. This Order shall not affect, or in any way limit the exercise of the authority of this Board, or of the State, in any future petitions or in any proceeding with respect to rates, franchises, services, financing, accounting, capitalization, depreciation, or any other matters, affecting the Petitioner.

3. Petitioner shall semiannually file statements for the amounts and use of the credit facilities pursuant to N.J.A.C. 14:1-5.9(b).

DATED: March 16,2000

BOARD OF PUBLIC UTILITIES
BY:

[SIGNED]
HERBERT H. TATE
PRESIDENT

[SIGNED]
CARMEN J. ARMENTI
COMMISSIONER

[SIGNED]
FREDERICK F. BUTLER
COMMISSIONER

ATTEST:

[SIGNED]
EDWARD D. BESLOW
ACTING SECRETARY